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TRANSMITTAL SLIP			
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Talking Points for the DDI's HPSCI Briefing

9 February 1988

Israeli and PLO Reaction to West Bank-Gaza Unrest

In the midst of continuing unrest, both Prime Minister Shamir and Foreign Minister Peres have publicly endorsed autonomy for Palestinians in the West Bank and Gaza Strip--a key aspect of the new US peace plan.

--Shamir's Likud bloc, however, will back only limited self-rule for Arabs in the territories.

--Likud's concept of autonomy would give Palestinians self-rule only in matters like education, health, and municipal services, while Israel would maintain control of defense, settlement activity, and land and water resources. [REDACTED]

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Such a limited version of autonomy would be impossible for any Palestinian interlocutor to accept. Likud hardliners like Ariel Sharon, however, warned Shamir last week not to agree to additional concessions.

--Sharon and Deputy Prime Minister David Levi, another party rival to Shamir, are both threatening to challenge Shamir for party leadership if he agrees to more than limited autonomy--a most unlikely prospect.

--Shamir is concerned by the recent violence in the territories, but feels that diplomatic concessions to the Arabs at this time will only encourage further unrest. [REDACTED]

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Peres, leader of the left-of-center Labor Party, has agreed to autonomy as a first step and--unlike Shamir--is willing to concede territory in the West Bank and Gaza Strip to secure a peace treaty with Jordan.

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--Peres believes Arab-Israeli negotiations on peace are necessary to stop the violence in the occupied territories.

--The even split in Israeli decisionmaking bodies between Labor and Likud will make it difficult to gain Tel Aviv's agreement on more than limited autonomy. [REDACTED]

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Violence in the territories continued to grow this weekend.

--Israeli troops killed one Palestinian on Saturday and five on Sunday. [REDACTED]

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The PLO is finding itself short of cash at the very time it needs additional money to give support to the Palestinian demonstrators. We do not believe, however, that budget constraints will prevent the PLO from attempting to organize Palestinian demonstrations or from providing other limited assistance such as food or medical supplies.

--Declining revenues from all sources have forced the PLO to cut last year's budget by 25 percent to \$135 million in 1988.

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PLO Chairman Arafat is campaigning hard for Arab states to pay arrearages on their Baghdad Pact promises, and has been lobbying other Arab groups for additional funds.

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--The PLO probably has received at least nominal commitments from individual Arab benefactors as a result of the violence in the territories. In addition, some of the \$8 million Iraq and Kuwait promised to UNRWA at last month's Arab League Meeting may be given to the PLO. [REDACTED]

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SUBJECT: Talking Points for the DDI's HPSCI Briefing,
9 February 1988

Israeli and PLO Reaction to West Bank-Gaza Unrest

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